

Western States Minerals Corp. WSMC, 250 S. Rock Blvd. Suite #130, Reno, Nevada 89502

m/027/007



Date: April 2, 1998
No. of pages including cover sheet: 4

To:

Wayne Hedberg

Wayne - This was
at Wildlife's FAX.

By

Phone:

Fax phone:

(801) 538-4745

CC:

From:

Buzz Gerick

Phone:

(702) 856-3339

Fax phone:

(702) 856-1818

REMARKS:

☐ Urgent

☒ For your review

☐ Reply ASAP

☐ Please comment

Wayne - Here is the cost
estimate we spoke about.

Regards -
Buzz

m/027/007

DATE: April 1, 1998**TO:** D. Wayne Hedberg, DOGM-Minerals Program**FROM:** E.M. (Buzz) Gerick, WSMC**RE:** Drum Mine - Estimate for sampling and analysis of waste dumps, leach pads, and locating suitable growth media associated with the reclamation of the Jumbo components at the site

The following is a brief estimate of the costs that WSMC would charge, if the Utah-DOGM and U.S.-BLM wanted to have WSMC perform the sampling and analytical testwork associated with the waste facilities for which Jumbo is responsible.

Excavator (Charged at the rate of \$70/hr. - includes cost of operator)

Assumes: 27 test pits are dug for all the heaps and 5 samples per pit are recovered
estimate 1.5 hr. per pit - includes excavation, backfill & travel to next pit

Therefore: 27 pits X 1.5 hr. per pit = 40.5 hr. total excavator time

40.5 hr. X \$70 per hr. = **\$2835.00** cost of excavator

Backhoe (charged at the rate of \$40/hr. - includes cost of operator)

Assumes: 60 test pits are dug and one sample is taken for every 4 pits dug

estimate 0.5 hr. per pit - includes excavation, backfill & travel to next pit

Therefore: 60 pits X 0.5 hr. per pit = 30 hr.

30 hr. X \$40/hr. = **\$1200.00** cost of backhoe

Equipment Mobilization and Demobilization

Assumes: Total cost of equipment Mob/Demob will be \$5000.00
One half of this would be charged to this job

Therefore: **\$2,500.00** cost of Mob/Demob

Field Supervision and Labor

Assumes: One supervisor for 40 hr. and one laborer at 80 hr.
estimates supervisor at \$30/hr. and laborer at \$10/hr.
estimate \$80/day subsistence for each employee and 24 employee days on job
@ 8 hr. per day (includes equipment operator, as well as superv. & laborer)

Therefore: 40 hr. X \$30/hr. = \$1200.00 (cost for supervision)

80 hr. X \$10/hr. = \$ 800.00 (cost of laborer)

24 days X \$80/day = \$ 1920.00 (cost of subsistence)

Total cost of manpower = **\$3920.00** (excludes operator wage, which is included with cost/hr. for machines above)

Page 2 of memo dated April 1, 1998

Transportation

Assumes: 1) two round trips from Drum site to Reno, NV. to deliver samples to lab
each trip equals 960 miles with pickup and fifth-wheel trailer
estimate cost of pickup and fifth-wheel trailer at \$1.25 per mile
2) two round trips from Delta, UT. to Drum site daily for 10 days
estimate cost of pickup at \$0.50 per mile and 70 mile round trip

Therefore: 2 trips X 960 miles per trip X \$1.25/mile = \$2400.00 Cost of sample
transport
2 trips/day X 70 miles/trip X \$0.50/mile X 10 days = \$700.00 Cost of
manpower transport

Total cost of transport = \$3100.00

Supplies

Assume: 130- 3.5 gal. containers for sample collection and transport of waste and heap
15- 1.0 gal. containers for sample collection and transport of growth media

Total cost of containers = \$ 530.00

Laboratory analyses

Assume: 9 composite samples from the heaps would be run for: MWMP, AGP-ANP,
Paste pH, and WAD cyanide @ a cost of \$1200.00 per sample

4 composite samples from toe of heaps would be run for: MWMP only @ a
cost of \$675.00 per sample

15 growth media samples for agronomic evaluation @ \$91.00 per sample

Lump sum sample preparation @ total cost of \$350.00

Therefore: 9 samples X \$1200/sample = \$10,800.00

4 samples X \$675/sample = \$2700.00

15 samples X \$91/sample = \$1365.00

Total cost of sample prep. = \$350.00

Total cost of analyses = \$15,215.00

Page 3 of memo dated April 1, 1998

Summary of site characterization costs for Jumbo responsible components:

| | |
|--|--------------------|
| Excavator | \$2835.00 |
| Backhoe | \$1200.00 |
| Equip. Mob/Demob. | \$2500.00 |
| Field Supervision and Labor | \$3920.00 |
| Transportation | \$ 3100.00 |
| Supplies | \$ 530.00 |
| <u>Laboratory Analyses</u> | <u>\$15,215.00</u> |
| Direct cost of services | \$29,300.00 |
| Management fee @ 15% | \$4,395.00 |
| <u>Total estimated cost for work</u> | <u>\$33,695.00</u> |

Page 3 of memo dated March 31, 1998

The estimated cost for the Jumbo portion of the site (characterization sampling and analysis) would be approximately \$33,695.00 (*It is important to note that these are only estimates of actual costs could be somewhat higher or lower*). If WSMC is asked to perform this work; the direct costs would be those actual costs expended by WSMC associated with performing the work (the excavator and backhoe equipment rates presented herein will be used). We would expect a DOGM and/or BLM representative to observe the work and sign daily timesheets (this would be your choice). Also, you could set up your own accounts with the laboratories and that would eliminate our management fee for the lab charges. As you can see, we could be flexible with this work; as long as WSMC is reimbursed for all direct costs it incurs, plus a 15% management fee on those direct costs.

I hope this helps with your planning. If you have any questions, please call me at your earliest convenience. If you decide to proceed with this scenario, I'll require a little advance notice to order supplies and schedule personnel. In addition, we should formulate a brief agreement to cover the work. I wait for your response.